

## Message Text

LIMITED OFFICIAL USE

PAGE 01 BONN 21457 01 OF 02 221148Z  
ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05  
CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00  
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04  
SIL-01 /080 W

----- 091665 /12

R 221137Z DEC 76  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 4239  
DEPARTMENT TREASURY  
INFO AMEMBASSY LONDON  
AMEMBASSY PARIS  
AMEMBASSY ROME  
USMISSION EC BRUSSELS  
USMISSION OECD PARIS  
AMEMBASSY VIENNA  
AMEMBASSY BERN  
AMEMBASSY BRUSSELS  
AMEMBASSY THE HAGUE  
AMEMBASSY LUXEMBOURG  
AMEMBASSY COPENHAGEN

LIMITED OFFICIAL USE SECTION 01 OF 02 BONN 21457

TREASURY FOR SYVRUD AND FAUVER

E.O. 11652: N/A  
TAGS: EFIN, GW  
SUBJECT: GERMAN GNP: AN EMBASSY PROJECTION

1. ON THE BASIS OF PRESENT POLICIES (INCLUDING THE  
STANDBY GOVERNMENT INFRASTRUCTURE PROGRAM) WE PROJECT  
A 4.0 PERCENT INCREASE IN GERMAN REAL GNP FOR 1977  
OVER 1976. IF THE GERMAN ECONOMY STOPPED GROWING  
COMPLETELY DURING 1977 AND JUST MAINTAINED THE  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BONN 21457 01 OF 02 221148Z

SEASONALLY ADJUSTED QUARTERLY GNP WE PROJECT FOR  
THE FOURTH QUARTER OF 1976, REAL GNP IN 1977 ALREADY  
WOULD EXCEED 1976 BY 1.7 PERCENT (THIS IS THE SO-  
CALLED OVERHANG). OUR 4.0 PERCENT GROWTH PROJECTION  
THUS IMPLIES ONLY VERY MODERATE GROWTH DURING THE  
COURSE OF THE YEAR. ANOTHER WAY OF ILLUSTRATING THE

SAME POINT IS THAT OUR PROJECTION IMPLIES A LEVEL OF  
REAL GNP DURING THE FOURTH QUARTER OF 1977 ONLY  
3.2 PERCENT ABOVE THE FOURTH QUARTER OF 1976.

TABLE I

## GNP, FEDERAL REPUBLIC OF GERMANY

(CONSTANT 1962 PRICES, PERCENTAGE INCREASE  
OVER PREVIOUS YEAR)

	1976	1977		
PRIVATE CONSUMPTION	3.3	4.5		
PUBLIC CONSUMPTION	2.9	2.5		
INVESTMENT IN MACHINERY & EQUIPMENT	6.6	5.0		
CONSTRUCTION	2.0	2.7		
INVENTORIES (IN DM BILLION, 1962 PRICES)	(7.9)	(7.2)		
NET FOREIGN BALANCE (IN DM BILLION, 1962 PRICES)	(13.6)	(14.8)		
-----				
GNP	5.5	4.0		
GNP DEFLATOR	3.5	4.2		
PRIVATE CONSUMPTION DEFLATOR	4.5	4.5		

2. WE PROJECT OVERALL GNP GROWTH AT A FAIRLY STEADY,  
BUT MODEST RATE DURING THE FIRST THREE QUARTERS OF  
1977 BUT DO NOT SEE THIS SPARKING AN INVESTMENT BOOM.  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BONN 21457 01 OF 02 221148Z

ON THIS BASIS WE BELIEVE THAT THE ECONOMY IS LIKELY  
TO PRACTICALLY STAGNATE BY THE FOURTH QUARTER. IN  
CONSIDERING THE DIFFERENCE IN DEVELOPMENTS BETWEEN

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 BONN 21457 02 OF 02 221149Z  
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03  
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02  
CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04  
CEA-01 /080 W

----- 091673 /13

R 221137Z DEC 76  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 4240  
DEPARTMENT TREASURY  
INFO AMEMBASSY LONDON  
AMEMBASSY PARIS  
AMEMBASSY ROME  
USMISSION EC BRUSSELS  
USMISSION OECD PARIS  
AMEMBASSY VIENNA  
AMEMBASSY BERN  
AMEMBASSY BRUSSELS  
AMEMBASSY THE HAGUE  
AMEMBASSY LUXEMBOURG  
AMEMBASSY COPENHAGEN

LIMITED OFFICIAL USE SECTION 02 OF 02 BONN 21457

THE TWO HALVES OF THE YEAR PRESENTED IN TABLE II, IT  
MUST BE BORNE IN MIND, HOWEVER, THAT THE BOOST TO THE  
GROWTH RATES PROVIDED BY THE "OVERHANG" (SEE PARA 1) IS  
GREATER DURING THE FIRST THAN DURING THE SECOND HALF.

TABLE II

GNP, FEDERAL REPUBLIC OF GERMANY

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BONN 21457 02 OF 02 221149Z

(CONSTANT 1962 PRICES, PERCENTAGE INCREASE OVER  
PRECEDING HALF YEAR, SEASONALLY ADJUSTED,  
ANNUAL RATES, ON BUNDESBANK BASIS)

1977

1ST HALF 2ND HALF

PRIVATE CONSUMPTION	7.2	1.0
PUBLIC CONSUMPTION	2.6	3.0
INVESTMENT IN MACHINERY AND EQUIPMENT	7.0	6.1

CONSTRUCTION	3.0	0.0
INVENTORIES (DM BILLION, 1962 PRICES, NOT AT ANNUAL RATE)	(3.0)	(4.2)
NET FOREIGN BALANCE (DM BILLION, 1962 PRICES, NOT AT ANNUAL RATE)	(7.0)	(7.8)

-----

GNP	4.8	3.0
-----	-----	-----

3. OUR OVERALL PROJECTION FOR 1977 IS LOWER THAN THAT OF MOST GERMAN FORECASTERS PRIMARILY BECAUSE OF A LOWER PROJECTED GROWTH OF INVESTMENT IN MACHINERY AND EQUIPMENT. WE ARE RELATIVELY OPTIMISTIC ON THE GROWTH OF PRIVATE CONSUMPTION IN PART BECAUSE WE FORESEE SOMEWHAT HIGHER WAGE SETTLEMENTS THAN ASSUMED BY MANY OTHER FORECASTERS. WE DO NOT FORESEE A SIGNIFICANT IMPACT ON GERMAN REAL GROWTH RATES BY THE OIL PRICE INCREASE.

STOESSEL

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** GNP, ECONOMIC ESTIMATES, ECONOMIC REPORTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 22 DEC 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976BONN21457  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760469-0734  
**From:** BONN  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19761218/aaaaapkk.tel  
**Line Count:** 190  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** morefirh  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 31 MAR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <31 MAR 2004 by hartledg>; APPROVED <06 APR 2004 by morefirh>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GERMAN GNP: AN EMBASSY PROJECTION  
**TAGS:** EFIN, GE  
**To:** STATE TRSY  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006